

[2/3/78-Not Submitted] [CF, O/A 548]

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IP 780551

2337
THE WHITE HOUSE
WASHINGTON

DATE: 03 FEB 78

FOR ACTION: TIM KRAFT *attach - on 2nd gr. 1*

*On 2/27
510*

INFO ONLY: THE VICE PRESIDENT
JODY POWELL

ZBIG BRZEZINSKI
FRAN VOORDE

SUBJECT: CAMPBELL LETTER RE REQUEST FOR PRESIDENT TO AWARD
INCENTIVE CHECKS TO EMPLOYEES OF WATERVLIET ARSENAL

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1000 AM MONDAY 06 FEB 78 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

*Frank Campbell
said Campbell
Office has
asked the
to be
be*

ID 780554

THE WHITE HOUSE

WASHINGTON

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PLEASE NOTE OTHER COMMENTS BELOW:

*Rick, I think we'll put this on
2-wk grid for President's consideration -
if ~~it~~ ~~is~~ ~~not~~ ~~needed~~ Campbell's memo
wouldn't have to go in -*
T K

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input checked="" type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON
<input type="checkbox"/>	McINTYRE
<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input checked="" type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	GAMMILL

<input checked="" type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input checked="" type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN



UNITED STATES CIVIL SERVICE COMMISSION

IN REPLY PLEASE REFER TO

WASHINGTON, D.C. 20415

FEB 1 1978

YOUR REFERENCE

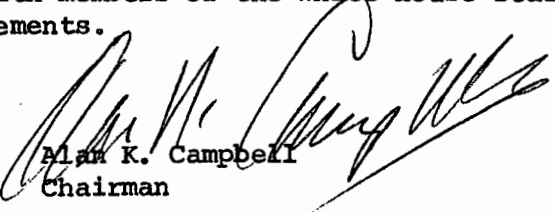
MEMORANDUM FOR THE PRESIDENT

The Civil Service Commission recently has approved a recommendation made by the Secretary of the Army that the maximum award of \$25,000 be granted to 12 employees of the Watervliet Arsenal. The outstanding technical efforts described in the attachments have saved the Government over \$30 million through their significant development of a laboratory simulation technique that is used in lieu of more costly and time consuming range firing for fatigue testing of large gun barrels. The achievements of the group demonstrate exceptional technical competence, ingenuity, and dedication over a four-year period to gain acceptance and implementation of this technique by both the Department of Army and the Department of Navy.

This group contribution is particularly noteworthy because of the widespread impact within the Department of Defense and because of the magnitude of Government savings that it has produced--the third highest tangible benefits since establishment of the Incentive Awards Program in 1954. It is also noteworthy because it is only the seventh maximum award of \$25,000 that has been granted.

The law under which this program operates provides that the President may grant recognition to employees in addition to awards made by departments and agencies. I recommend, therefore, that you personally present the award checks to these employees in a brief ceremony at the White House. Such recognition, I feel, highlights major savings to the Government and further indicates your interest in encouraging employee innovation and initiative in the Federal Government.

Should you approve this recommendation, we will be pleased to work with the Department of Defense and with members of the White House staff in completing the necessary arrangements.


Alan K. Campbell
Chairman

Attachments

12/20/77



Green

SECRETARY OF THE ARMY
WASHINGTON

19 December 1977

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE (MRAL)

ATTN: Deputy Assistant Secretary of Defense (Civilian
Personnel Policy)

SUBJECT: Nomination for Additional Cash Award for Special Act

The attached recommendation to pay a total cash award of \$25,000 for a Special Act Award for 12 employees at Watervliet Arsenal is forwarded for your consideration.

A group of employees at the Watervliet Arsenal, Watervliet, New York developed a correlation factor between laboratory cycling and live firing of large caliber gun tubes which led to the discovery of the potential of fatigue failures in cannon barrels. The group's discovery and subsequent studies resulted in the introduction of fatigue life limits on various field weapons and the enactment of stringent fatigue testing criteria for cannon barrels. Their efforts have resulted in significant savings which have been verified by the U. S. Army Audit Agency. The case file with additional details concerning the Special Act is at Inclosure 1.

The Army has approved the recommendation of the Commanders of Watervliet Arsenal and the U. S. Army Armament Command to pay an award of \$5,000 to the group for their outstanding achievements which resulted in tangible savings of \$30,011,408. I recommend an additional cash award of \$20,000 for a total award of \$25,000.

1 Incl (trip)
as

Clifford L. Alexander Jr.
Clifford L. Alexander, Jr.

7 MAR 1977

DEPARTMENT OF THE ARMY
MIDWESTERN DISTRICT
U.S. ARMY AUDIT AGENCY
12TH AND SPRUCE STREETS
ST. LOUIS, MISSOURI 63102

1GAA-MWD

3 March 1977

SUBJECT: Audit of Special Act Award
Audit Report: MW 77-505

THRU: HQDA (IGAA-ZA)
HASSIF BLDG
FALLS CHURCH, VA 22041

HP
3 Mar 77

TO: HQDA (DAPE-CPL)
WASHINGTON, DC 20310

1. Introduction. In accordance with an HQDA request dated 8 June 1976, we made an audit to verify the tangible savings cited in a nomination for special act award. Our audit included reviews of appropriate records and discussions with personnel at the Office of the Deputy Chief of Staff for Personnel (DCSPER), the U. S. Army Armament Command (ARMCOM), the U. S. Army Test and Evaluation Command (TECOM), Benet Weapons Laboratory, Watervliet Arsenal, Aberdeen Proving Ground, and Yuma Proving Ground. The scope of the audit did not include a determination of whether the action that resulted in savings represented a special act according to guidance provided in AR 672-20. The audit was made in accordance with generally accepted auditing standards during the period July 1976 through November 1976.

2. Background. A special act award was proposed for 12 Government personnel at Watervliet Arsenal. The action for which the special act award was proposed was the development of a correlation factor between laboratory cycling and live firing of large caliber gun tubes in determining the fatigue life of gun tubes. Laboratory cycling simulates the stresses of live firing at a substantially lower cost. Watervliet Arsenal's original submission of the nomination for special act award cited savings that were based on laboratory cycling 18 gun tubes (6 each of the 105mm, XM205; 155mm, XM199; and 8-inch, XM201) to fatigue failure in lieu of live firing. The period of first-year savings was stated as March 1974 to March 1975. ARMCOM reviewed the cited savings and disagreed with the number of gun tubes to be tested and the period of the first-year savings. ARMCOM believed that only two gun tubes of each type would be tested, and that the first-year savings period should be September 1973 to September 1974. Watervliet Arsenal rebutted ARMCOM's position by citing

IGAA-MND

3 March 1977

SUBJECT: Audit of Special Act Award
Audit Report: MW 77-505

a 1968 TECOM test plan that prescribed the fatigue test of six gun tubes. In the rebuttal, Watervliet Arsenal reduced from 18 to 14 the number of gun tubes for which laboratory cycling would be accomplished, and changed the period of first-year savings to September 1974 to September 1975. The amount of first-year savings cited in the nomination for special act award at the time of our audit was \$21,819,055.

3. Results of Audit. Our audit concentrated on determining (i) the number of gun tubes on which savings should be based, (ii) the appropriate period of first-year savings, and (iii) the actual costs required for live firing and laboratory cycling. Cost and savings information by type of gun tube is shown in Annex A of this report.

a. Number of Gun Tubes. The 1968 TECOM test plan cited by Watervliet prescribed the testing of six gun tubes to fatigue failure. However, the test plan further prescribed that only three gun tubes would be fired to failure while the other three gun tubes would be laboratory cycled to failure. Therefore, Watervliet Arsenal's claim of savings on six gun tubes of each type was not supported. Without considering the actual number of laboratory cyclings that occurred during the period of first-year savings, we concluded that savings should be based on only three gun tubes of each type (a total of nine gun tubes). However, as discussed later, only five gun tubes were actually tested by laboratory cycling during the appropriate period of first-year savings.

b. Period of First-Year Savings. Laboratory cycling of gun tubes has been in use since at least 1968. However, approval of a correlation factor between laboratory cycling and live firing did not occur until March 1974. Determination of fatigue life on the basis of the approved correlation factor was adopted on 18 March 1974. Guidance in AR 672-20 for determining the appropriate first-year period for savings computations is as follows:

The amount of such savings will be calculated normally on the basis of estimated net monetary benefits for the first full year of operation following adoption, installation, or application of the particular suggestion.

Based on the guidance, a determination of the appropriate period of first-year savings must consider the following:

-Adoption Date: 18 March 1974

-Installation Date: Does not apply; cycling procedure was operational since at least 1968.

-Application Date: Does not apply; cycling procedure was used since May 1973 for the gun tubes on which the savings are cited.

IGAA-IWD

3 March 1977

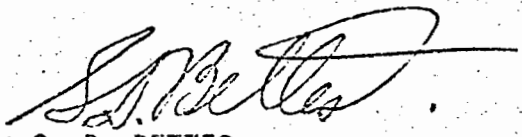
SUBJECT: Audit of Special Act Award
Audit Report: MW 77-505

We concluded that the appropriate period of first-year savings was 18 March 1974 to 17 March 1975. We discussed this conclusion with personnel at DCSPER on 24 August 1976; they agreed with our conclusion. Watervliet Arsenal personnel did not agree. They stated, "The time period for this award is irrelevant since the award is based on a one-time scientific specific scope of work involving the testing of 14 barrels in which the fatigue testing will never again be repeated."

c. Actual Tests and Savings. Only five gun tubes were laboratory cycled during the period 18 March 1974 to 17 March 1975. The amount saved by laboratory cycling of the five gun tubes was \$30,011,408. In computing savings, we considered the fact that laboratory cycling offsets actual firing on a one-for-one basis. Therefore, the number of laboratory cycles performed times the ammunition cost and the cost to fire each round equals the total cost of testing by live firing. The number of laboratory cycles performed times the cost of each cycle equals the total cost of testing by laboratory cycling. Available offset costs were deducted to arrive at net savings. We were unable to determine development costs for laboratory cycling, and the acquisition and installation costs of the equipment required. The major reason why the amount of savings we computed (\$30,011,408) was much greater than the amount cited in the nomination for special act award (\$21,919,055) was an understatement of cited savings for the 2-inch, XM201 gun tube. Savings cited were based on the firing of an estimated 28,300 rounds of ammunition in testing 8-inch, XM201 gun tubes. We determined that 63,744 laboratory cycles of the 8-inch, XM201 gun tubes were actually accomplished during the period 18 March 1974 to 17 March 1975.

4. Other. An exit conference was held with the Chief of Staff, ARMCOM, and other ARMCOM personnel on 20 January 1977. They agreed with our audit results, and recognized that savings for special act award purposes must be limited to a first-year period as prescribed by AR 672-20. They requested, however, that we also include in our audit report the estimated amount of savings that would occur in testing all 18 gun tubes. We estimated this amount to be about \$99 million.

1 Incl
as


S. D. BETTES
District Manager

CF:
DRSAR-CPI (w/Incl)